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Rokita slams ISTA funding of candidates

Republican says it's 'irresponsible' in light of \$23M deficit; union says PAC money is direct contributions from teachers

By Bill Ruthhart

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Indiana Secretary of State Todd Rokita has accused the Indiana State Teachers Association of putting politics over its members by making political contributions to campaigns while he says it owes **school districts** across the state \$23 million.

The state's largest union, however, argues the money comes straight from its members and has nothing to do with the money ISTA owes to **school districts**.

Rokita sued the teachers' union in December to recoup what he says is the \$23 million ISTA owes Indiana school districts from its now-defunct health insurance program. In the suit, now in federal court, Rokita also seeks to freeze ISTA's assets and wants an independent audit of the union's accounts to determine exactly how much it owes to 21 districts that earned the health credits.

While under fiscal duress, ISTA discontinued its health insurance program last year, but it still owes school districts that stockpiled credits for

paying more into the union's trust than they spent in insurance claims.

During the past nine months, ISTA has fought the state's effort to freeze assets and force payments to the districts. Meanwhile, the union has made \$637,000 in contributions to its political arm, Indiana Political Action for **Education**, also known as IPACE.

That total covers contributions made during the first four months of the year. ISTA declined to detail how much had been contributed to IPACE since April, and those numbers will not be available until new campaign finance reports are released next month.

"It's very irresponsible, when they owe more than \$20 million to school districts, to put politics before their members," Rokita said of ISTA. "Politics is exactly what IPACE exists for, and instead ISTA's first duty ought to be to make their members whole."

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ISTA Executive Director Brenda Pike called Rokita's accusations malicious, adding "he's making a huge assumption without knowing the facts."

She said the \$637,000 ISTA transferred to the political action committee were direct contributions from teachers and did not come from the budget of the troubled union, whose insurance trust has faced a \$67 million deficit.

Pike said the 50,000 union members have the option of contributing to IPACE through payroll deduction -- a choice 80 percent of them make. ISTA recommends each employee make a \$24 annual contribution, Pike said.

That **money** is then earmarked in an ISTA account and transferred directly to the political action committee, which disperses the money to candidates and other committees the union thinks supports its interests.

"These are absolutely outlandish allegations with no proof," Pike said of Rokita's criticism. "I don't mind somebody accusing if they've got proof, but this is just baseless."

The lawsuit and ongoing battle between the state and ISTA stem from a discovery by the state Department of Insurance that the insurance trust that supported the union's long-term disability and health insurance programs was on the brink of bankruptcy, and a state report indicated many of the trust's investments appeared to be mishandled.

The Indianapolis Star reported last year that eight trustees and two directors who oversaw ISTA's Insurance Trust had received subpoenas from the secretary of state's Securities Division as part of an investigation into the handling of the trust's investments.

Indiana Securities Commissioner Chris Naylor told The Star last week that his division continues to investigate ISTA's handling of its trust and investments for violations of the state's securities laws, a process he called complicated and that has been under way for 16 months.

Rokita asked if ISTA's contributions to IPACE were indeed directly from teachers, then why has the union refused to detail its accounting of those contributions as part of the ongoing federal lawsuit? Pike countered that ISTA was in the process of gathering such accounting data and that Rokita had failed to "wait the appropriate amount of time for us to respond."

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The federal lawsuit remains in a discovery phase, and the state now is pressing for a deposition from ISTA's financial experts.

There also are political overtones to Rokita's effort to draw attention to ISTA's contributions.

Rokita, a Republican in his second term as secretary of state, is running for Congress; ISTA mostly supports Democrats.

In 2008, the last year for statewide elections, IPACE raised nearly \$1.4 million -- \$753,000 of it came directly from ISTA, while the rest was raised through various fundraisers.

The political action committee gave \$1 million to 32 Democratic candidates and \$8,650 to the state Democratic Party. By contrast, it contributed \$11,000 to two Republicans and contributed \$3,000 to the state Republican Party.

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